

## SENATE BILL No. 475

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-13.

**Synopsis:** Public investment requirements. Permits county treasurers, fiscal officers of political subdivisions other than counties, and certain other local officials authorized by statute or by court order to invest in securities fully guaranteed and issued by federal agencies or instrumentalities (as opposed to discount notes issued by federal agencies or instrumentalities). Allows the treasurer of state to contract with investment advisors and money managers. Allows the treasurer of state to invest in highest rated commercial paper. Repeals the requirement that an officer of a political subdivision or other local government agency obtain annual approval from the fiscal or governing body before making investments.

**Effective:** July 1, 2003.

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January 21, 2003, read first time and referred to Committee on Governmental Affairs and Interstate Cooperation.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## SENATE BILL No. 475

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 5-13-9-1, AS AMENDED BY P.L.134-1999,  
2       SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2003]: Sec. 1. (a) Except as provided in ~~section 2.4 of this~~  
4       ~~chapter and~~ subsection (b), in addition to any other statutory power to  
5       make investments, each county treasurer and each fiscal officer of any  
6       political subdivision other than a county, under the guidelines  
7       established, respectively, by the board of county commissioners of each  
8       county and the fiscal body of any other subdivision, and any other  
9       officer of a local government entity authorized by statute or court order  
10      to make investments, may invest any funds held by each in accordance  
11      with this chapter.

12      (b) The ~~state~~ treasurer **of state** may invest funds under section 2.5  
13      of this chapter.

14      (c) The funds that may be invested under this chapter include money  
15      raised by bonds issued for a future specific purpose, sinking funds,  
16      depreciation reserve funds, gift, bequest or endowment, and any other  
17      funds available for investment.



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SECTION 2. IC 5-13-9-2, AS AMENDED BY P.L.170-2002, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) Each officer designated in section 1 of this chapter may invest or reinvest any funds that are held by the officer and available for investment in any of the following:

(1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:

(A) The United States Treasury.

(B) A federal agency.

(C) A federal instrumentality.

(D) A federal government sponsored enterprise.

(2) ~~Discount notes~~ **Securities fully guaranteed and** issued by any of the following:

(A) A federal agency.

(B) A federal instrumentality.

(C) A federal government sponsored enterprise.

(b) If an investment under subsection (a)(1) is made at a cost in excess of the par value of the securities purchased, any premium paid for the securities shall be deducted from the first interest received and returned to the fund from which the investment was purchased, and only the net amount is considered interest income.

(c) The officer making the investment may sell any securities acquired and may do anything necessary to protect the interests of the funds invested, including the exercise of exchange privileges which may be granted with respect to maturing securities in cases where the new securities offered in exchange meet the requirements for initial investment.

(d) The investing officers of the political subdivisions are the legal custodians of securities under this chapter. They shall accept safekeeping receipts or other reporting for securities from:

(1) a duly designated depository as prescribed in this article; or

(2) a financial institution located either in or out of Indiana having custody of securities with a combined capital and surplus of at least ten million dollars (\$10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body.

(e) The state board of accounts may rely on safekeeping receipts or other reporting from any depository or financial institution.

(f) In addition to any other investments allowed under this chapter, an officer of a conservancy district located in a city having a population of more than four thousand six hundred fifty (4,650) but less than five

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thousand (5,000) may also invest in:

(1) municipal securities; and

(2) equity securities;

having a stated final maturity of any number of years or having no stated final maturity. The total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the officer of a conservancy district. However, an investment that complies with this subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the officer of a conservancy district causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%).

(g) In addition to any other investments allowed under this chapter, a clerk-treasurer of a town with a population of more than six thousand three hundred (6,300) but less than ten thousand (10,000) located in a county having a population of more than one hundred thousand (100,000) but less than one hundred five thousand (105,000) may also invest money in a host community agreement future fund established by ordinance of the town in:

(1) municipal securities; and

(2) equity securities;

having a stated final maturity of any number of years or having no stated final maturity. The total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the clerk-treasurer of a town. However, an investment that complies with this subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the clerk-treasurer of a town causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%).

SECTION 3. IC 5-13-10.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) Except as provided in subsection (b), investments under this chapter may be made only in securities having a stated final maturity of two (2) years or less from the date of purchase.

(b) The treasurer of state may make investments in securities having a final maturity or redemption date that is more than two (2) years and not more than five (5) years after the date of purchase or subscription. After an investment is made under this subsection, the total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the treasurer of state. However, an investment that complies with this

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1 subsection when the investment is made remains legal even if a  
 2 subsequent decrease in the total portfolio invested by the treasurer of  
 3 state causes the percentage of investments outstanding under this  
 4 subsection to exceed twenty-five percent (25%). **The treasurer of**  
 5 **state may contract with federally regulated investment advisors**  
 6 **and other institutional money managers to make investments**  
 7 **under this section.** This subsection expires July 1, 2007.

8 (c) Unless prohibited under federal law, the treasurer of state shall  
 9 invest under subsection (b) the funds of the transportation corridor fund  
 10 established by IC 8-4.5-3-7. The treasurer of state may invest other  
 11 funds held by the state in compliance with subsection (b). This  
 12 subsection expires July 1, 2007.

13 SECTION 4. IC 5-13-10.5-11.5 IS ADDED TO THE INDIANA  
 14 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2003]: **Sec. 11.5. The treasurer of state may**  
 16 **invest or reinvest funds that are held by the treasurer and that are**  
 17 **available for investment in commercial paper rated in the highest**  
 18 **rating category by one (1) nationally recognized rating service and**  
 19 **with a stated final maturity of two hundred seventy (270) days or**  
 20 **less from the date of purchase.**

21 SECTION 5. IC 5-13-9-2.4 IS REPEALED [EFFECTIVE JULY 1,  
 22 2003].

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